

**THE CITY OF INDEPENDENCE, KANSAS**

**FINANCIAL STATEMENT**

**December 31, 2012**

CITY OF INDEPENDENCE, KANSAS  
FINANCIAL STATEMENT  
For the Year Ended  
December 31, 2012  
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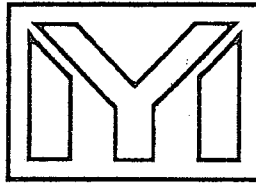
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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor  
and Commissioners  
City of Independence, Kansas  
120 N. 6th Street  
Independence, KS 67301

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Independence, Kansas, a Municipal Financial Reporting Entity as of and for the year ended December 31, 2012 and the related notes to the financial statement.

*Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the applicable audit requirements of the *Kansas Municipal Audit and Accounting Guide*. Those standards and the *Kansas Municipal Audit and Accounting Guide* require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

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estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Independence, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the effects of the matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Independence, Kansas, as of December 31, 2012, or changes in financial position or cash flows thereof for the year then ended.

*Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Independence, Kansas, as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

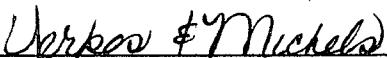
*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the 2012 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, schedule of regulatory basis receipts and expenditures – agency funds, schedules of regulatory basis receipts and expenditures – actual – related municipal entities, (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for purposes of analysis and are not a required part of the 2012 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards (Schedule 5 as listed in the table of contents) is presented for the purposed of additional analysis as required by U.S. Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement or to the 2012 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our

opinion, the 2012 supplementary information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Independence's internal control over financial reporting and compliance.

  
YERKES & MICHELS, CPA, LLC  
Independence, Kansas

June 28, 2013

THE CITY OF INDEPENDENCE, KANSAS  
SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH  
Regulatory Basis

STATEMENT 1  
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For the Year Ended December 31, 2012

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance	
<b>GOVERNMENTAL TYPE FUNDS:</b>								<b>GOVERNMENTAL TYPE FUNDS:</b>
General	\$ 655,180.25	\$ -	\$ 5,382,062.80	\$ 5,231,573.17	\$ 805,669.88	\$ 269,410.98	\$ 1,075,080.86	General
Special Purpose								Special Purpose
D.A.R.E. Fund	298.41				298.41		298.41	D.A.R.E. Fund
Industrial Fund	99,599.12		3,026.48	66,571.59	36,054.01	48,376.00	84,430.01	Industrial Fund
Crime Prevention Program Fund	1,776.00				1,776.00		1,776.00	Crime Prevention Program Fund
Economic Development Transportation Fund	308,937.06		350,926.00	191,627.18	468,235.88	61,310.30	529,546.18	Economic Development Transportation Fund
E 911 (NEW) Fund			65,186.36	22,987.31	42,199.05		42,199.05	E 911 (NEW) Fund
Incubator Building Fund	93,820.68		4,643.00	1,082.93	97,380.75		97,380.75	Incubator Building Fund
Education Sales Tax Fund	52,000.00		1,007,695.16	860,240.77	199,454.39		199,454.39	Education Sales Tax Fund
Smoke Detector Grant Fund	246.94				246.94		246.94	Smoke Detector Grant Fund
Pride Signs Fund			1,336.44		1,336.44		1,336.44	Pride Signs Fund
Minature Train Fund			3,241.83		3,241.83		3,241.83	Minature Train Fund
Skate Park Fund			1,675.35		1,675.35		1,675.35	Skate Park Fund
CDBG # 12-PF-038 Fund			436,305.00	698,587.77	(262,282.77)	617,651.05	355,368.28	CDBG # 12-PF-038 Fund
Special Use Sales Tax Fund			145,454.40	36,000.00	109,454.40		109,454.40	Special Use Sales Tax Fund
KDHE - FIRE/EMS Grant Fund			1,425.00		1,425.00		1,425.00	KDHE - FIRE/EMS Grant Fund
City Employee Benefits Fund	173,957.03		564,180.71	590,659.13	147,478.61	119,255.33	266,733.94	City Employee Benefits Fund
Library Employee Benefit Fund	1,510.27		67,191.49	66,673.69	2,028.07		2,028.07	Library Employee Benefit Fund
Airport Land Sale Fund	2,486.78			2,486.78	-		-	Airport Land Sale Fund
T-Hanger Insurance Proceeds Fund	36,592.25			36,592.25	-		-	T-Hanger Insurance Proceeds Fund
Special Park Fund	6,673.50				6,673.50		6,673.50	Special Park Fund
Library Fund	4,495.70		189,674.63	189,252.49	4,917.84		4,917.84	Library Fund
Downtown Tree Replacement Fund			1,000.00		1,000.00		1,000.00	Downtown Tree Replacement Fund
Special Park & Recreation Fund	13,678.93		36,300.86	24,000.00	25,979.79		25,979.79	Special Park & Recreation Fund
Special Alcohol Fund			29,249.84	29,249.84	-		-	Special Alcohol Fund
Demolition Fund			20,000.00	17,435.00	2,565.00	17,435.00	20,000.00	Demolition Fund
Liability Insurance Fund	41,197.70		16,537.70	52,169.07	5,566.33		5,566.33	Liability Insurance Fund
E-911 Fund	106,374.67		10,844.25	24,713.01	92,505.91		92,505.91	E-911 Fund
Quality of Life Tax Credits Fund	613,489.51		206.62	200,000.00	413,696.13		413,696.13	Quality of Life Tax Credits Fund
Quality of Life Tax Projects Fund	1,016,928.33		1,295,231.84	1,384,484.00	927,676.17	5,800.00	933,476.17	Quality of Life Tax Projects Fund
Cultural Arts Fund	6,009.07		178,172.00	178,172.00	6,009.07	117,572.00	123,581.07	Cultural Arts Fund
2007 Flood Buyout Fund	82,591.88		8,466.80	91,058.68	-		-	2007 Flood Buyout Fund
Undercover Narcotic Fund	6,156.72		21,022.26	8,127.83	19,051.15		19,051.15	Undercover Narcotic Fund
Downtown Incubator Grant Proceeds Fund				3,628.22	(3,628.22)		(3,628.22)	Downtown Incubator Grant Proceeds Fund
Projects Fund	50,841.33		8,222.30	59,063.63	-		-	Projects Fund
Air Traffic Control Tower Fund	(26,200.00)		299,900.00	329,025.00	(55,325.00)	26,200.00	(29,125.00)	Air Traffic Control Tower Fund
10th & Main to 10th & Laurel Fund	3,250.00			3,250.00	-		-	10th & Main to 10th & Laurel Fund
Waste Tire Grant Fund	(13,264.50)		15,537.21	2,000.00	272.71		272.71	Waste Tire Grant Fund
KHRC # ESG-FFY 2012			5,223.33	5,116.65	106.68		106.68	KHRC # ESG-FFY 2012
Debt Service Fund								Debt Service Fund
Bond and Interest Fund	51,284.78		2,901,652.96	2,578,857.40	374,080.34		374,080.34	Bond and Interest Fund

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

THE CITY OF INDEPENDENCE, KANSAS  
SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH  
Regulatory Basis

STATEMENT 1  
Page 2 of 3

For the Year Ended December 31, 2012

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance	
<u>GOVERNMENTAL TYPE FUNDS:</u>								<u>GOVERNMENTAL TYPE FUNDS:</u>
Capital Project Funds								Capital Project Funds
AIP 3-20-0036-20 Fund	-		134,715.00	134,365.00	350.00	108,795.80	109,145.80	AIP 3-20-0036-20 Fund
ADA DJ # 204-29-144 Fund	(1,057,500.00)		3,470,724.30	512,746.87	1,900,477.43	545,616.31	2,446,093.74	ADA DJ # 204-29-144 Fund
KHRC # ESG-FFY 2011 Fund	-		10,535.42	9,739.95	795.47		795.47	KHRC # ESG-FFY 2011 Fund
KLINK #U-2178-01 Fund	(105,523.34)		341,502.50	235,979.16	-		-	KLINK #U-2178-01 Fund
USD #446 School Infrastructure Fund	53,515.45		14,500.10	29,000.20	39,015.35		39,015.35	USD #446 School Infrastructure Fund
West Main - 10 to 18th Fund	(24,381.05)		21,837.10		(2,543.95)	2,156.95	(387.00)	West Main - 10 to 18th Fund
AIP #3-20-0036-17/19 Fund	(1,138,748.43)	3,221.77	967,501.44		(168,025.22)	226,307.86	58,282.64	AIP #3-20-0036-17/19 Fund
New Water Tower Fund	(274,667.00)		276,467.00	1,800.00	-		-	New Water Tower Fund
2010 Memorial Hall Improvement Fund	-				-	12,200.00	12,200.00	2010 Memorial Hall Improvement Fund
Southeast Lift Station Fund	(225,000.00)		225,000.00	220,000.00	(220,000.00)	208,116.65	(11,883.35)	Southeast Lift Station Fund
<u>BUSINESS FUNDS:</u>								<u>BUSINESS FUNDS:</u>
Airport Fund	221,095.16		842,580.93	910,433.35	153,242.74	9,544.06	162,786.80	Airport Fund
Water & Sewer Fund	3,123,006.48		3,341,017.46	3,451,735.38	3,012,288.56	78,419.13	3,090,707.69	Water & Sewer Fund
Water & Sewer Grinder Pump Reserve Fund	159,081.53		8,608.15		167,689.68		167,689.68	Water & Sewer Grinder Pump Reserve Fund
Sanitation Fund	71,015.59		961,247.75	852,296.74	179,966.60	68,045.29	248,011.89	Sanitation Fund
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 4,191,806.80</b>	<b>\$ 3,221.77</b>	<b>\$ 23,687,829.77</b>	<b>\$ 19,342,782.04</b>	<b>\$ 8,540,076.30</b>	<b>\$ 2,542,212.71</b>	<b>\$ 11,082,289.01</b>	
<u>RELATED MUNICIPAL ENTITIES</u>								<u>RELATED MUNICIPAL ENTITIES</u>
Independence Public Library	92,138.35		543,486.09	542,906.08	92,718.36	12,874.61	105,592.97	Independence Public Library
Independence Housing Authority	5,263,755.55		1,953,424.55	1,284,600.82	5,932,579.28	31,113.44	5,963,692.72	Independence Housing Authority
<b>TOTAL REPORTING ENTITY (Excluding Agency Funds)</b>	<b>\$ 9,547,700.70</b>	<b>\$ 3,221.77</b>	<b>\$ 26,184,740.41</b>	<b>\$ 21,170,288.94</b>	<b>\$ 14,565,373.94</b>	<b>\$ 2,586,200.76</b>	<b>\$ 17,151,574.70</b>	<b>TOTAL REPORTING ENTITY (Excluding Agency Funds)</b>

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.



## THE CITY OF INDEPENDENCE, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
Regulatory Basis  
For the Year Ended December 31, 2012

## COMPOSITION OF CASH-Primary Government

Clerk's Cash On Hand		\$	550.00
Community National Bank - Independence, Ks.			
Checking Account (Operating) No. 1919128784	\$	15,321,645.57	
Less: Amount Allocated to Component Unit		<u>(5,963,692.72)</u>	
	\$	9,357,952.85	
Checking Account (Petty Cash) No. 1919128783		1,500.00	
Certificate of Deposit No. 53178		<u>200,000.00</u>	
	\$		9,559,452.85
First Federal Savings & Loan, Independence, Ks.			
Platinum Account No. 01-56026333	\$	800,000.00	
Certificate of Deposit No. 1071647		<u>36,851.16</u>	
			836,851.16
First National Bank, Independence, Ks.			
Money Market Account No. 705772	\$	600,000.00	
Certificate of Deposit No. 102397		<u>100,000.00</u>	
	\$		700,000.00
Total Primary Government			\$ 11,096,854.01
Less: Agency Funds (Schedule 3)			<u>(14,565.00)</u>
TOTAL PRIMARY GOVERNMENT			<u>\$ 11,082,289.01</u>
RELATED MUNICIPAL ENTITIES			
Independence Public Library			
Cash on Hand	\$	50.00	
First National Bank, Independence, Ks.			
Checking Account No. 16969	\$	524.24	
Money Market Account No. 703427		<u>100,029.99</u>	
	\$		100,554.23
Community National Bank - Independence, Ks.			
Certificate of Deposit No. 1962398968		<u>4,988.74</u>	
	\$		105,592.97
Independence Housing Authority			
Community National Bank - Independence, Ks.			
Checking Account No. 1919128784		<u>5,963,692.72</u>	
TOTAL RELATED MUNICIPAL ENTITIES			<u>\$ 6,069,285.69</u>
TOTAL REPORTING ENTITY			<u><u>\$ 17,151,574.70</u></u>

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

# THE CITY OF INDEPENDENCE, KANSAS

## NOTES TO THE FINANCIAL STATEMENT

December 31, 2012

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1A. FINANCIAL REPORTING ENTITY

The City of Independence is a municipal corporation under the laws of the State of Kansas and is governed by an elected three-member Commission. The financial statement of the reporting entity includes those of the City of Independence (the primary government) and its related municipal entities. The related municipal entities discussed below in NOTE 1E are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

#### 1B. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

Regulatory Basis of Accounting and Departure from Accounting Principles generally accepted in the United State of America. The KMMAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

# THE CITY OF INDEPENDENCE, KANSAS

## NOTES TO THE FINANCIAL STATEMENT

December 31, 2012

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

The following types of funds comprise the financial activities of The City of Independence, Kansas, for the year 2012:

#### GOVERNMENTAL FUNDS

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds--to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of The City of Independence, Kansas.

Capital Project Funds—are used to account for the proceeds of capital projects funds to be used to build major projects.

#### BUSINESS FUNDS

Business Funds--to account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges--or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

#### FIDUCIARY TYPE FUNDS

Trust and Agency Funds—to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Non-expendable Trust Funds, (c) Pension Trust Funds, and (d) Agency Funds.

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**

**December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1C. REIMBURSEMENTS

The City of Independence, Kansas records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

1D. RELATED MUNICIPAL ENTITIES

The Related Municipal Entities referred to in the financial statement includes the financial data of the entities shown below. These Related Municipal Entities are reported separately to emphasize that they are legally separate from the City.

The *Independence Housing Authority* (IHA) is governed by a City-appointed board. The City appoints the Board, provides some administrative services to the Board and owns the buildings which the Housing Authority operates. The Housing Authority also manages and operates a duplex project jointly owned by the City and SEK Housing of Sedan, Kansas.

The *Independence Library District*, which operates the City's public library, is governed by an appointed board. Four of the seven board members are appointed by the City. The Library is also fiscally dependent on the City for the majority of its revenue, but does receive tax revenues from other sources within the district.

1E. JOINTLY-GOVERNED ORGANIZATIONS

The City of Independence appoints two members to the board of the Independence Recreation Commission and Montgomery County Economic Development Authority, but does not control the boards or have financial responsibility for the organizations.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2A. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), debt service funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

## THE CITY OF INDEPENDENCE, KANSAS

### NOTES TO THE FINANCIAL STATEMENT

December 31, 2012

#### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd)

##### 2A. BUDGETARY INFORMATION(cont'd.)

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budgets for the following funds were amended for the 2012 year: General Fund, Special Alcohol Fund, Quality of Life-Sales Tax Fund, Liability Insurance Fund, Bandana Interest Fund, Airport Fund, Water and Sewer Fund, Special Use Sales Tax Fund and Memorial Hall Tax Credit Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, agency funds, and the following special purpose and business funds: DARE Program, Crime Prevention Program, E 911 (New), Incubator Building, Smoke Detector Grant, Pride Signs, Miniature Train, Skate Park, CDBG #12, Special Use Sales Tax, KDHE-Fire/EMS Grant, Airport Land Sale, T-Hangar Insurance Proceeds, Special Park, Downtown Tree Replacement, Demolition, E-911, Quality of Life Tax Credits, Cultural Arts, 2007 Flood Buyout, Undercover Narcotic, Downtown Incubator Grant Proceeds, Projects, Air

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**

**December 31, 2012**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd)

2A. BUDGETARY INFORMATION (cont'd.)

Traffic Control Tower, 10<sup>th</sup> & Main to 10<sup>th</sup> & Laurel, Waste Tire Grant Funds, KHRC #ESG and Water and Sewer Grinder Pump Reserve.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by internal spending limits established by the governing body.

2B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL MATTERS

Management is not aware of any violations of compliance with Kansas Statutes or violations of other finance related legal matters.

NOTE 3 - DEPOSITS AND INVESTMENTS

At December 31, 2012, the City had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan

**THE CITY OF INDEPENDENCE, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENT**

**December 31, 2012**

**NOTE 3 - DEPOSITS AND INVESTMENTS (con't)**

Bank of Topeka, except during designated "peak periods" when required coverage is 50%.

At December 31, 2012, the carrying amount of the City's deposits, including certificates of deposit, was \$17,059,996.73, which included \$5,963,692.72 belonging to the Independence Housing Authority and \$14,565.00 in agency funds. The bank balance was \$16,752,408.36. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by three banks, resulting in a concentration of credit risk. Of the bank balance \$750,000.00 was covered by FDIC insurance, and \$925,408.36 was collateralized by pledged securities held by the pledging financial institution's agents in the City's name.

At year-end the carrying amount of the Independence Public Library Board's deposits, including certificates of deposit was \$105,542.97. The bank balance was \$114,103.59. All of the bank balance was covered by FDIC insurance.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE 4 – LONG-TERM DEBT**

SEE SCHEDULE ON PAGES 13 -14.

**NOTE 5 - DEFINED BENEFIT PENSION PLAN**

*Plan description.* The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is part of a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended December 31, 2012

NOTE 4 - LONG-TERM DEBT

Changes in long-term liabilities for the Entity for the year ended December 31, 2012, were as follows:

Issue	Interest Rates %	Date of Issue	Amount Issued	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>GENERAL OBLIGATION BONDS</b>										
Series A 1997	4.44-7.25	9/1/97	\$ 370,000.00	2017	\$ 80,000.00	\$ -	\$ 80,000.00	\$ (80,000.00)	\$ -	\$ 1,419.17
Series A 1998	4.20-7.00	10/1/98	785,000.00	2012	70,000.00	-	70,000.00	(70,000.00)	-	3,325.00
Series A 2003	2.00-3.40	6/1/03	9,600,000.00	2012	1,155,000.00	-	1,155,000.00	(1,155,000.00)	-	39,270.00
Series D 2003	2.00-3.20	4/1/03	435,000.00	2013	135,000.00	-	135,000.00	(65,000.00)	70,000.00	4,255.00
Series A 2006	4.50	10/15/06	165,000.00	2016	95,000.00	-	95,000.00	(95,000.00)	-	3,847.50
Series A 2007	3.95-5.00	4/1/07	620,000.00	2027	475,000.00	-	40,000.00	(40,000.00)	435,000.00	19,412.50
Series C 2007	3.40-3.70	10/1/07	465,000.00	2017	300,000.00	-	300,000.00	(300,000.00)	-	10,820.00
Series A 2008	3.00-3.60	10/1/08	190,000.00	2017	120,000.00	-	120,000.00	(120,000.00)	-	4,200.00
Series A 2009	3.00-4.00	10/1/09	170,000.00	2019	145,000.00	-	15,000.00	(15,000.00)	130,000.00	5,350.00
Series A 2010	3.25-4.125	12/22/10	3,240,000.00	2026	3,185,000.00	-	110,000.00	(110,000.00)	3,075,000.00	104,518.76
Series B 2010	.75-1.00	12/22/10	155,000.00	2012	80,000.00	-	80,000.00	(80,000.00)	-	800.00
Series A 2012	2.00-2.75	2/1/12	4,065,000.00	2026	80,000.00	4,065,000.00	110,000.00	3,955,000.00	3,955,000.00	58,745.84
					<u>\$ 5,840,000.00</u>	<u>\$ 4,065,000.00</u>	<u>\$ 2,240,000.00</u>	<u>\$ 1,825,000.00</u>	<u>\$ 7,665,000.00</u>	<u>\$ 255,963.77</u>
<b>CAPITAL LEASES</b>										
Trash Truck	4.53	7/15/06	101,754.00	2012	16,432.87	-	16,432.87	(16,432.87)	-	3,318.20
2011 Freightliner	3.80	8/25/10	139,341.00	2015	113,204.58	-	26,636.15	(26,636.15)	86,568.43	4,198.39
					<u>\$ 129,637.45</u>	<u>\$ -</u>	<u>\$ 43,069.02</u>	<u>\$ (43,069.02)</u>	<u>\$ 86,568.43</u>	<u>\$ 7,516.59</u>
<b>OTHER DEBT</b>										
Kansas Dept. of Health and Environment (KDHE)										
Loan C-20-0959-05	4.00	6/26/92	507,265.00	2016	\$ 132,013.03	\$ -	\$ 24,582.89	\$ (24,582.89)	\$ 107,430.14	\$ 4,142.80
Loan C-20-1241-01	3.54	8/31/95	418,306.00	2013	66,269.03	-	32,478.45	(32,478.45)	33,790.58	2,183.61
Loan 2630	3.77	7/2/09	2,500,000.00	2026	1,399,640.05	276,467.00	608,670.99	(332,203.99)	1,067,436.06	48,878.90
Loan C-20-1915-01	2.25	10/24/11	225,000.00	2015	-	225,000.00	-	225,000.00	225,000.00	-
					<u>\$ 1,597,922.11</u>	<u>\$ 501,467.00</u>	<u>\$ 665,732.33</u>	<u>\$ (164,265.33)</u>	<u>\$ 1,433,656.78</u>	<u>\$ 55,205.31</u>
<b>TOTAL LONG TERM DEBT</b>										
					<u>\$ 7,567,559.56</u>	<u>\$ 4,566,467.00</u>	<u>\$ 2,948,801.35</u>	<u>\$ 1,617,665.65</u>	<u>\$ 9,185,225.21</u>	<u>\$ 318,685.67</u>



THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2012

NOTE 4 - LONG-TERM DEBIT (cont'd)

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	2018-2022	2023-2027	2027-2031	TOTAL
<b>PRINCIPAL</b>									
General Obligation Bonds	\$ 610,000.00	\$ 570,000.00	\$ 595,000.00	\$ 610,000.00	\$ 610,000.00	\$ 2,575,000.00	\$ 2,095,000.00	\$ -	\$ 7,665,000.00
Capital Leases	27,738.98	28,826.59	30,002.86						86,568.43
Other Debt	146,440.71	160,361.76	162,977.63	75,690.86	49,207.52	275,593.29	332,178.21	231,206.80	1,433,656.78
<b>TOTAL PRINCIPAL</b>	<b>\$ 784,179.69</b>	<b>\$ 759,188.35</b>	<b>\$ 787,980.49</b>	<b>\$ 685,690.86</b>	<b>\$ 659,207.52</b>	<b>\$ 2,850,593.29</b>	<b>\$ 2,427,178.21</b>	<b>\$ 231,206.80</b>	<b>\$ 9,185,225.21</b>
<b>INTEREST</b>									
General Obligation Bonds	\$ 214,290.02	\$ 200,300.02	\$ 187,850.02	\$ 174,087.52	\$ 160,000.02	\$ 571,387.60	\$ 178,318.82	\$ -	\$ 1,686,234.02
Capital Leases	3,095.58	2,007.95	877.69						5,981.22
Other Debt	46,231.20	41,672.62	37,028.68	32,295.67	29,959.16	122,984.02	71,652.34	14,053.02	395,876.71
<b>TOTAL INTEREST</b>	<b>\$ 263,616.80</b>	<b>\$ 243,980.59</b>	<b>\$ 225,756.39</b>	<b>\$ 206,383.19</b>	<b>\$ 189,959.18</b>	<b>\$ 694,371.62</b>	<b>\$ 249,971.16</b>	<b>\$ 14,053.02</b>	<b>\$ 2,088,091.95</b>
<b>TOTAL PRINCIPAL AND INTEREST</b>	<b>\$ 1,047,796.49</b>	<b>\$ 1,003,168.94</b>	<b>\$ 1,013,736.88</b>	<b>\$ 892,074.05</b>	<b>\$ 849,166.70</b>	<b>\$ 3,544,964.91</b>	<b>\$ 2,677,149.37</b>	<b>\$ 245,259.82</b>	<b>\$ 11,273,317.16</b>

# THE CITY OF INDEPENDENCE, KANSAS

## NOTES TO THE FINANCIAL STATEMENT

December 31, 2012

### NOTE 5 - DEFINED BENEFIT PENSION PLAN (Cont'd)

members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

### NOTE 6 - CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>City's Estimated Share</u>	<u>Expenditures To Date</u>	<u>Project Status</u>
KLINK #U-2178-01	533,000.00	133,000.00	508,789.34	Complete
FAA Project 3-20-0036-17/19	1,349,960.00	67,498.00	1,337,638.66	Ongoing
Memorial Hall Improvement	500,000.00	500,000.00	42,100.00	Complete
Southeast Lift Station	4,000,000.00	4,000,000.00	445,000.00	Ongoing
ADA DJ# 204-29-144	1,113,800.00	3,470,000.00	1,570,246.73	Ongoing
CDBG 12-PF-038	800,000.00	400,000.00	698,587.77	Ongoing

### NOTE 7 - COMPENSATED ABSENCES

City employees with one year or more of service are eligible for vacation benefits varying from ten (10) days to twenty (20) days. Unused vacation earned during the current year can be carried over beyond the end of the succeeding year after it was earned. A maximum of 20 days may be carried over, but no new vacation time would be earned until a portion of the previous time was used. Any unused vacation time will be purchased from the employee upon termination.

City employees accumulate sick leave at the rate of one (1) day per month of service, up to one hundred-eighty (180) days. Sick leave may be accumulated and carried over to the next year, but is lost if the employee leaves the City's service.

The liability for accrued vacation and sick pay is not reflected on the financial statements. Neither the actual or estimated amount of the liability was available at December 31, 2012. The cost of vacation and sick pay are recognized as expenditures when paid.

# THE CITY OF INDEPENDENCE, KANSAS

## NOTES TO THE FINANCIAL STATEMENT

December 31, 2012

### NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

### NOTE 9 - INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Liability Insurance	K.S.A. 12-2615	1,100.00
Education Sales Tax	Bond and Interest	K.S.A. 12-197	151,573.00
Water & Sewer	Bond & Interest	K.S.A. 12-825d	73,400.00
Quality of Life Tax Projects	Bond & Interest	K.S.A. 12-197	1,255,042.50
Klink #U-2178-01	Bond & Interest	K.S.A. 12-197	231,379.16
Special Use Sales Tax	General	K.S.A. 12-197	36,000.00
Water & Sewer	General	K.S.A. 12-825d	100,000.00
Quality of Life Tax Credit	General	K.S.A. 12-197	200,000.00
10 <sup>th</sup> & Main to 10 <sup>th</sup> & Laurel	General	K.S.A. 12-1,118	3,250.00
Airport	AIP-3-20-0036-20	K.S.A. 12-825d	134,715.00
Airport Land Sale	Airport	K.S.A. 12-1,110.	2,486.78
T Hanger Ins. Proc.	Airport	K.S.A. 12-1,110.	36,592.25
2007 Flood Buyout	Water and Sewer	K.S.A. 12-1,110.	89,258.68
Projects	Econ. Devel. Transp.	K.S.A. 12-1,118	59,063.63
Waste Tire Grant	Undercover Narcotic	K.S.A. 12-1,118	2,000.00
ADA DJ #204	CDBG #12-PF-038	K.S.A. 12-1,118	400,000.00
Undercover Narcotic	KDHE Fire/EMS	K.S.A. 12-1,118	1,000.00
Bond & Interest	Klink-#U-2178-01	K.S.A. 12-1,118	4,600.00

## THE CITY OF INDEPENDENCE, KANSAS

### NOTES TO THE FINANCIAL STATEMENT

**December 31, 2012**

#### NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

#### NOTE 11 – USE OF ESTIMATES

The preparation of regulatory basis financial statements requires management to make estimates and assumptions that affect the reported amounts of expenditures during the audit period, encumbrances outstanding, and disclosure of contingencies at the end of the audit period. Actual results could differ from the estimates.

#### NOTE 12 - FLEXIBLE BENEFIT PLAN (I.R.C. SECTION 125)

The City adopted a salary-reduction flexible benefit plan under Section 125 of the Internal Revenue Code. All full time employees of the City are eligible to participate in the plan after 90 days of employment. Each employee may elect to reduce his or her salary to purchase benefits through the plan. Currently benefits offered through the plan involve health insurance, cancer insurance, and advantage disability insurance.

**THE CITY OF INDEPENDENCE, KANSAS**

**SUPPLEMENTARY INFORMATION**

**For the Year Ended December 31, 2012**

## THE CITY OF INDEPENDENCE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
Regulatory Basis  
For the Year Ended December 31, 2012

<u>GOVERNMENTAL TYPE FUNDS:</u>						<u>GOVERNMENTAL TYPE FUNDS:</u>	
Certified Budget	Adjmt. For Qualifying Budget Cr.	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)			
\$ 5,359,700.00	\$ -	\$ 5,359,700.00	\$ 5,231,573.17	\$ 128,126.83	General		
<u>Special Purpose</u>						<u>Special Purpose</u>	
96,300.00	-	96,300.00	66,571.59	29,728.41	Industrial Fund		
450,000.00	-	450,000.00	191,627.18	258,372.82	Economic Development Transportation Fund		
1,093,125.00	-	1,093,125.00	860,240.77	232,884.23	Education Sales Tax Fund		
36,000.00	-	36,000.00	36,000.00	-	Special Use Sales Tax Fund		
693,266.00	-	693,266.00	590,659.13	102,606.87	City Employee Benefits Fund		
69,000.00	-	69,000.00	66,673.69	2,326.31	Library Employee Benefit Fund		
196,253.00	-	196,253.00	189,252.49	7,000.51	Library Fund		
41,000.00	-	41,000.00	24,000.00	17,000.00	Special Park & Recreation Fund		
30,000.00	-	30,000.00	29,249.84	750.16	Special Alcohol Fund		
56,600.00	-	56,600.00	52,169.07	4,430.93	Liability Insurance Fund		
2,207,400.00	-	2,207,400.00	1,384,484.00	822,916.00	Quality of Life Tax Projects Fund		
<u>Debt Service Fund</u>						<u>Debt Service Fund</u>	
2,596,000.00	-	2,596,000.00	2,578,857.40	17,142.60	Bond and Interest		
<u>BUSINESS FUNDS:</u>						<u>BUSINESS FUNDS:</u>	
946,300.00	-	946,300.00	910,433.35	35,866.65	Airport Fund		
4,024,300.00	-	4,024,300.00	3,451,735.38	572,564.62	Water & Sewer Fund		
989,764.00	-	989,764.00	852,296.74	137,467.26	Sanitation Fund		
<u>RELATED MUNICIPAL ENTITIES</u>						<u>RELATED MUNICIPAL ENTITIES</u>	
432,660.00	-	432,660.00	409,356.60	23,303.40	Independence Public Library General Fund		
79,097.00	-	79,097.00	78,787.44	309.56	Employee Benefit Fund		

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
Regulatory Basis  
GENERAL FUND

For the Year Ended December 31, 2012

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 1,026,117.87	\$ 956,700.00	\$ 69,417.87
Local Sales Tax	1,869,935.96	1,767,000.00	102,935.96
Franchise Tax	457,649.96	468,500.00	(10,850.04)
Ambulance	746,542.65	705,000.00	41,542.65
Municipal Court	147,620.35	148,000.00	(379.65)
Streets & traffic	350,844.18	322,000.00	28,844.18
Memorial Hall	39,292.50	104,000.00	(64,707.50)
Cemetery	57,470.00	48,200.00	9,270.00
Interest Income	15,047.44	5,000.00	10,047.44
Donations	97,150.00		97,150.00
Miscellaneous	235,141.89	530,800.00	(295,658.11)
Transfers	339,250.00		339,250.00
TOTAL CASH RECEIPTS	\$ 5,382,062.80	\$ 5,055,200.00	\$ 326,862.80
EXPENDITURES			
General Government	\$ 278,580.37	\$ 331,400.00	\$ 52,819.63
Municipal Court	109,543.74	115,800.00	6,256.26
City Hall	129,975.65	106,000.00	(23,975.65)
Police Department	1,258,446.37	1,277,500.00	19,053.63
Animal Control	37,919.17	41,500.00	3,580.83
Emergency Preparedness	3,696.44	6,000.00	2,303.56
Fire Department	1,752,429.94	1,661,300.00	(91,129.94)
EMS		8,700.00	8,700.00
Engineering	38,752.36	39,100.00	347.64
Streets & Traffic	425,058.02	468,400.00	43,341.98
Street Lighting	126,002.87	136,000.00	9,997.13
Park	561,655.94	806,500.00	244,844.06
Cemetery	181,057.12		(181,057.12)
Memorial Hall	232,218.17	246,800.00	14,581.83
Street Improvements	95,137.01	100,200.00	5,062.99
Miscellaneous		14,500.00	14,500.00
Transfers	1,100.00		(1,100.00)
TOTAL EXPENDITURES	\$ 5,231,573.17	\$ 5,359,700.00	\$ 128,126.83
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 150,489.63		
UNENCUMBERED CASH, BEGINNING	655,180.25		
UNENCUMBERED CASH, ENDING	\$ 805,669.88		

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
D.A.R.E. FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Taxes	<u>                    </u>
TOTAL CASH RECEIPTS	<u>\$                    -</u>
EXPENDITURES	
Appropriations to Library Board	<u>                    </u>
TOTAL EXPENDITURES	<u>\$                    -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$                    -</u>
UNENCUMBERED CASH, BEGINNING	<u>                    298.41</u>
UNENCUMBERED CASH, ENDING	<u><u>\$                    298.41</u></u>



## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
Regulatory BasisINDUSTRIAL FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 3,026.48	\$ 2,688.00	\$ 338.48
TOTAL CASH RECEIPTS	<u>\$ 3,026.48</u>	<u>\$ 2,688.00</u>	<u>\$ 338.48</u>
EXPENDITURES			
Capital Projects	\$ 48,391.59	\$ 78,100.00	\$ 29,708.41
Big Mac	15,680.00	15,700.00	20.00
Chamber of Commerce	2,500.00	2,500.00	-
TOTAL EXPENDITURES	<u>\$ 66,571.59</u>	<u>\$ 96,300.00</u>	<u>\$ 29,728.41</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (63,545.11)		
UNENCUMBERED CASH, BEGINNING	<u>99,599.12</u>		
UNENCUMBERED CASH, ENDING	<u><u>\$ 36,054.01</u></u>		

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES

Regulatory Basis

CRIME PREVENTION PROGRAM FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Miscellaneous	<u>\$ -</u>
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>
UNENCUMBERED CASH, BEGINNING	<u>1,776.00</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,776.00</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
Regulatory BasisECONOMIC DEVELOPMENT TRANSPORTATION FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Franchise Tax	\$ 289,862.37	\$ 317,700.00	\$ (27,837.63)
Transfers	59,063.63		
Other	2,000.00		2,000.00
TOTAL CASH RECEIPTS	<u>\$ 350,926.00</u>	<u>\$ 317,700.00</u>	<u>\$ (25,837.63)</u>
EXPENDITURES			
Capital Outlay	\$ 122,816.88	\$ 450,000.00	\$ 327,183.12
2012 Jobs (Cessna)	61,310.30		(61,310.30)
Miscellaneous	7,500.00		(7,500.00)
TOTAL EXPENDITURES	<u>\$ 191,627.18</u>	<u>\$ 450,000.00</u>	<u>\$ 258,372.82</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 159,298.82		
UNENCUMBERED CASH, BEGINNING	<u>308,937.06</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 468,235.88</u>		

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
E 911 (NEW) FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Miscellaneous	\$ 65,138.56
Other	47.80
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 65,186.36</u>
EXPENDITURES	
Capital Outlay	\$ 22,987.31
	<hr/>
TOTAL EXPENDITURES	<u>\$ 22,987.31</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 42,199.05
UNENCUMBERED CASH, BEGINNING	<hr/>
UNENCUMBERED CASH, ENDING	<u><u>\$ 42,199.05</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis

INCUBATOR BUILDING FUND

For the Year Ended December 31, 2012

CURRENT YEAR

	<u>Actual</u>
CASH RECEIPTS	
Taxes	\$ -
Miscellaneous	<u>4,643.00</u>
TOTAL CASH RECEIPTS	<u>\$ 4,643.00</u>
EXPENDITURES	
Contactual	\$ 1,082.93
Capital Outlay	<u>                    </u>
TOTAL EXPENDITURES	<u>\$ 1,082.93</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 3,560.07
UNENCUMBERED CASH, BEGINNING	<u>93,820.68</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 97,380.75</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

Regulatory Basis

EDUCATION SALES TAX FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Sales Taxes	\$ 1,007,695.16	\$ 1,093,125.00	\$ (85,429.84)
TOTAL CASH RECEIPTS	<u>\$ 1,007,695.16</u>	<u>\$ 1,093,125.00</u>	<u>\$ (85,429.84)</u>
EXPENDITURES			
Capital Outlay	\$ 708,767.77	\$ 941,125.00	\$ 232,357.23
Transfers	151,473.00	152,000.00	527.00
TOTAL EXPENDITURES	<u>\$ 860,240.77</u>	<u>\$ 1,093,125.00</u>	<u>\$ 232,884.23</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 147,454.39		
UNENCUMBERED CASH, BEGINNING	<u>52,000.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 199,454.39</u>		

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES

Regulatory Basis

SMOKE DETECTOR GRANT FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Miscellaneous	<u>\$ -</u>
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>246.94</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 246.94</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
PRIDE SIGNS FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Miscellaneous	<u>\$ 1,336.44</u>
TOTAL CASH RECEIPTS	<u>\$ 1,336.44</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 1,336.44</u>
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,336.44</u></u>



## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
MINATURE TRAIN FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Miscellaneous	<u>\$ 3,241.83</u>
TOTAL CASH RECEIPTS	<u>\$ 3,241.83</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 3,241.83</u>
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 3,241.83</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
 Regulatory Basis  
SKATE PARK FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Miscellaneous	\$ 1,675.35
Transfers	<u>-</u>
TOTAL CASH RECEIPTS	<u>\$ 1,675.35</u>
EXPENDITURES	
Capital Outlay	\$ -
Transfers	<u>-</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,675.35
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,675.35</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
 Regulatory Basis  
CDGB # 12-PF-038 FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 36,305.00
Transfers	<u>400,000.00</u>
TOTAL CASH RECEIPTS	<u>\$ 436,305.00</u>
EXPENDITURES	
Aministartion	\$ 19,500.00
Curb Ramps	679,087.77
Capital Outlay	
Transfers	<u>                    </u>
TOTAL EXPENDITURES	<u>\$ 698,587.77</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (262,282.77)
UNENCUMBERED CASH, BEGINNING	<u>                    </u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (262,282.77)</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

Regulatory Basis

SPECIAL USE SALES TAX FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Sales Tax	\$ 145,454.40	\$ 36,000.00	\$ 109,454.40
Transfers	-	-	-
TOTAL CASH RECEIPTS	<u>\$ 145,454.40</u>	<u>\$ 36,000.00</u>	<u>\$ 109,454.40</u>
EXPENDITURES			
Capital Outlay	\$ -	\$ -	\$ -
Transfers	36,000.00	36,000.00	-
TOTAL EXPENDITURES	<u>\$ 36,000.00</u>	<u>\$ 36,000.00</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 109,454.40		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ 109,454.40</u>		

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES

Regulatory Basis

KDHE - FIRE/EMS GRANT FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Grant	\$ 425.00
Transfers	<u>1,000.00</u>
TOTAL CASH RECEIPTS	<u>\$ 1,425.00</u>
EXPENDITURES	
Capital Outlay	\$ -
Transfers	<u>-</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,425.00
UNENCUMBERED CASH, BEGINNING	<u>                    </u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,425.00</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
 Regulatory Basis  
CITY EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 558,595.71	\$ 582,944.00	\$ (24,348.29)
Refund	5,585.00		5,585.00
TOTAL CASH RECEIPTS	<u>\$ 564,180.71</u>	<u>\$ 582,944.00</u>	<u>\$ (18,763.29)</u>
EXPENDITURES			
Personel	\$ 452,512.71	503,578.00	51,065.29
Contractural	138,146.42	189,688.00	51,541.58
TOTAL EXPENDITURES	<u>\$ 590,659.13</u>	<u>\$ 693,266.00</u>	<u>\$ 102,606.87</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (26,478.42)		
UNENCUMBERED CASH, BEGINNING	<u>173,957.03</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 147,478.61</u>		

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

Regulatory Basis

LIBRARY EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 67,191.49	\$ 69,000.00	\$ (1,808.51)
TOTAL CASH RECEIPTS	<u>\$ 67,191.49</u>	<u>\$ 69,000.00</u>	<u>\$ (1,808.51)</u>
EXPENDITURES			
Insurance	\$ 66,673.69	\$ 69,000.00	\$ 2,326.31
TOTAL EXPENDITURES	<u>\$ 66,673.69</u>	<u>\$ 69,000.00</u>	<u>\$ 2,326.31</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 517.80		
UNENCUMBERED CASH, BEGINNING	<u>1,510.27</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 2,028.07</u>		

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
AIRPORT LAND SALE FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ -
TOTAL CASH RECEIPTS	\$ -
EXPENDITURES	
Transfers	\$ 2,486.78
TOTAL EXPENDITURES	\$ 2,486.78
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,486.78)
UNENCUMBERED CASH, BEGINNING	2,486.78
UNENCUMBERED CASH, ENDING	\$ -



THE CITY OF INDEPENDENCE, KANSAS  
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
 Regulatory Basis  
T-HANGER INSURANCE PROCEEDS FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ -
TOTAL CASH RECEIPTS	\$ -
EXPENDITURES	
Transfers	\$ 36,592.25
TOTAL EXPENDITURES	\$ 36,592.25
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (36,592.25)
UNENCUMBERED CASH, BEGINNING	36,592.25
UNENCUMBERED CASH, ENDING	\$ -

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
SPECIAL PARK FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Memorials	\$ -
	<u>-</u>
TOTAL CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Commodities	\$ -
Capital Outlay	-
	<u>-</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<u>6,673.50</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 6,673.50</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

Regulatory Basis

LIBRARY FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 189,674.63	\$ 196,253.00	\$ (6,578.37)
			-
TOTAL CASH RECEIPTS	<u>\$ 189,674.63</u>	<u>\$ 196,253.00</u>	<u>\$ (6,578.37)</u>
EXPENDITURES			
Appropriation	\$ 189,252.49	\$ 196,253.00	\$ 7,000.51
			-
TOTAL EXPENDITURES	<u>\$ 189,252.49</u>	<u>\$ 196,253.00</u>	<u>\$ 7,000.51</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 422.14		
UNENCUMBERED CASH, BEGINNING	<u>4,495.70</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 4,917.84</u>		

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
DOWNTOWN TREE REPLACEMENT FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Miscellaneous	\$ 1,000.00
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 1,000.00</u>
EXPENDITURES	
Appropriation	\$ -
	<hr/>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,000.00
UNENCUMBERED CASH, BEGINNING	<hr/> -
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,000.00</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

Regulatory Basis

SPECIAL PARK & RECREATION FUND

For the Year Ended December 31, 2012

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Liquor Taxes	\$ 36,300.86	\$ 23,000.00	\$ 13,300.86
Transfers	-	18,000.00	(18,000.00)
TOTAL CASH RECEIPTS	<u>\$ 36,300.86</u>	<u>\$ 41,000.00</u>	<u>\$ (4,699.14)</u>
EXPENDITURES			
Contractual	\$ 24,000.00	\$ 41,000.00	\$ 17,000.00
Reimbursed Expense	-	-	-
TOTAL EXPENDITURES	<u>\$ 24,000.00</u>	<u>\$ 41,000.00</u>	<u>\$ 17,000.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 12,300.86		
UNENCUMBERED CASH, BEGINNING	<u>13,678.93</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 25,979.79</u>		

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

Regulatory Basis

SPECIAL ALCOHOL FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Liquor Taxes	\$ 29,249.84	\$ 30,000.00	\$ (750.16)
TOTAL CASH RECEIPTS	<u>\$ 29,249.84</u>	<u>\$ 30,000.00</u>	<u>\$ (750.16)</u>
EXPENDITURES			
Contractual	\$ 29,249.84	\$ 30,000.00	\$ 750.16
TOTAL EXPENDITURES	<u>\$ 29,249.84</u>	<u>\$ 30,000.00</u>	<u>\$ 750.16</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
DEMOLITION FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Housing Authority	<u>\$ 20,000.00</u>
TOTAL CASH RECEIPTS	<u>\$ 20,000.00</u>
EXPENDITURES	
Contractural	<u>\$ 17,435.00</u>
TOTAL EXPENDITURES	<u>\$ 17,435.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 2,565.00
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 2,565.00</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
 Regulatory Basis  
LIABILITY INSURANCE FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 13,950.70	\$ 62,000.00	\$ (48,049.30)
Reimbursement	1,487.00		1,487.00
Transfers	1,100.00		1,100.00
	<hr/>		
TOTAL CASH RECEIPTS	\$ 16,537.70	\$ 62,000.00	\$ (45,462.30)
	<hr/>		
EXPENDITURES			
Contractual	\$ 52,169.07	\$ 56,600.00	\$ 4,430.93
	<hr/>		
TOTAL EXPENDITURES	\$ 52,169.07	\$ 56,600.00	\$ 4,430.93
	<hr/>		
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (35,631.37)		
UNENCUMBERED CASH, BEGINNING	<u>41,197.70</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 5,566.33</u>		



THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
E-911 FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
911 Fees	\$ 10,583.27
Interest	260.98
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 10,844.25</u>
EXPENDITURES	
Contractural	\$ 2,623.32
Capital Outlay	22,089.69
	<hr/>
TOTAL EXPENDITURES	<u>\$ 24,713.01</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (13,868.76)
UNENCUMBERED CASH, BEGINNING	<u>106,374.67</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 92,505.91</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES

Regulatory Basis

QUALITY OF LIFE TAX CREDITS FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Interest	\$ 180.39
Miscellaneous	26.23
Transfers	
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 206.62</u>
EXPENDITURES	
Transfers	<u>\$ 200,000.00</u>
TOTAL EXPENDITURES	<u>\$ 200,000.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (199,793.38)
UNENCUMBERED CASH, BEGINNING	<u>613,489.51</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 413,696.13</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

Regulatory Basis

QUALITY OF LIFE TAX PROJECTS FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Sales Tax	\$ 1,293,361.17	\$ 983,812.00	\$ 309,549.17
Interest	1,870.67		1,870.67
			-
TOTAL CASH RECEIPTS	<u>\$ 1,295,231.84</u>	<u>\$ 983,812.00</u>	<u>\$ 311,419.84</u>
EXPENDITURES			
Capital Outlay	\$ 129,441.50		\$ (129,441.50)
Transfers	1,255,042.50	2,207,400.00	952,357.50
			-
TOTAL EXPENDITURES	<u>\$ 1,384,484.00</u>	<u>\$ 2,207,400.00</u>	<u>\$ 822,916.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (89,252.16)		
UNENCUMBERED CASH, BEGINNING	<u>1,016,928.33</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 927,676.17</u>		

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
CULTURAL ARTS FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Donations	\$ 178,172.00
	<hr/>
TOTAL CASH RECEIPTS	<u>\$ 178,172.00</u>
EXPENDITURES	
Commodities	\$ -
Capital Outlay	178,172.00
	<hr/>
TOTAL EXPENDITURES	<u>\$ 178,172.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH, BEGINNING	<hr/> 6,009.07
UNENCUMBERED CASH, ENDING	<u><u>\$ 6,009.07</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
2007 FLOOD BUYOUT FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 8,397.00
Insurance Proceeds	
Refunds	69.80
	<hr/>
TOTAL CASH RECEIPTS	\$ 8,466.80
	<hr/>
EXPENDITURES	
Capital Outlay	\$ 1,800.00
Transfers	89,258.68
	<hr/>
TOTAL EXPENDITURES	\$ 91,058.68
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (82,591.88)
	<hr/>
UNENCUMBERED CASH, BEGINNING	82,591.88
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ -</u>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
UNDERCOVER NARCOTIC FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ 19,022.26
Transfers	<u>2,000.00</u>
TOTAL CASH RECEIPTS	<u>\$ 21,022.26</u>
EXPENDITURES	
Project Costs	\$ 7,127.83
Transfers	<u>1,000.00</u>
TOTAL EXPENDITURES	<u>\$ 8,127.83</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 12,894.43
UNENCUMBERED CASH, BEGINNING	<u>6,156.72</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 19,051.15</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
DOWNTOWN INCUBATOR GRANT FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ -
	<hr/>
TOTAL CASH RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Project Costs	\$ 3,628.22
Transfers	
	<hr/>
TOTAL EXPENDITURES	\$ 3,628.22
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (3,628.22)
	<hr/>
UNENCUMBERED CASH, BEGINNING	
	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ (3,628.22)</u>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
PROJECTS FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Kansas	\$ 8,222.30
	<hr/>
TOTAL CASH RECEIPTS	\$ 8,222.30
	<hr/>
EXPENDITURES	
Commodities	\$ -
Transfers	59,063.63
	<hr/>
TOTAL EXPENDITURES	\$ 59,063.63
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (50,841.33)
	<hr/>
UNENCUMBERED CASH, BEGINNING	50,841.33
	<hr/>
UNENCUMBERED CASH, ENDING	\$ -
	<hr/>



THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
AIR TRAFFIC CONTROL TOWER FUND  
For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Cessna Reimbursement	\$ 299,900.00
	<hr/>
TOTAL CASH RECEIPTS	\$ 299,900.00
	<hr/>
EXPENDITURES	
Contractual	\$ 329,025.00
	<hr/>
TOTAL EXPENDITURES	\$ 329,025.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (29,125.00)
UNENCUMBERED CASH, BEGINNING	<u>(26,200.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (55,325.00)</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES

10TH & MAIN TO 10TH & LAUREL FUND

Regulatory Basis

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ -
TOTAL CASH RECEIPTS	\$ -
EXPENDITURES	
Capital Outlay	\$ -
Transfers	3,250.00
TOTAL EXPENDITURES	\$ 3,250.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (3,250.00)
UNENCUMBERED CASH, BEGINNING	3,250.00
UNENCUMBERED CASH, ENDING	\$ -

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
WASTE TIRE GRANT FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ -
Miscellaneous	<u>15,537.21</u>
TOTAL CASH RECEIPTS	<u>\$ 15,537.21</u>
EXPENDITURES	
Capital Outlay	\$ -
Transfers	<u>2,000.00</u>
TOTAL EXPENDITURES	<u>\$ 2,000.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 13,537.21
UNENCUMBERED CASH, BEGINNING	<u>(13,264.50)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 272.71</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
Regulatory Basis  
KHRC # ESG-FFY2012

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Grant	<u>\$          5,223.33</u>
TOTAL CASH RECEIPTS	<u>\$          5,223.33</u>
EXPENDITURES	
Project Costs	<u>\$          5,116.65</u>
TOTAL EXPENDITURES	<u>\$          5,116.65</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$          106.68</u>
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$          106.68</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
 Regulatory Basis  
BOND AND INTEREST FUND

For the Year Ended December 31, 2012

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Taxes	\$ 441,055.56	\$ 415,700.00	\$ 25,355.56
Special Assessments	74,545.09	63,800.00	10,745.09
Bond Proceeds	595,000.00	687,000.00	(92,000.00)
Transfers	1,711,294.66	1,742,200.00	(30,905.34)
Other	79,757.65		79,757.65
TOTAL CASH RECEIPTS	<u>\$ 2,901,652.96</u>	<u>\$ 2,908,700.00</u>	<u>\$ (86,804.69)</u>
EXPENDITURES			
Bond Pincipal	\$ 2,240,000.00	\$ 1,645,000.00	\$ (595,000.00)
Interest	255,963.78	237,000.00	(18,963.78)
Loan Proceeds	34,807.64	34,900.00	92.36
Other Professional Services	43,485.98	679,100.00	635,614.02
Transfers	4,600.00		(4,600.00)
TOTAL EXPENDITURES	<u>\$ 2,578,857.40</u>	<u>\$ 2,596,000.00</u>	<u>\$ 17,142.60</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 322,795.56		
UNENCUMBERED CASH, BEGINNING	<u>51,284.78</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 374,080.34</u>		

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
AIP 3-20-0036-20

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Transfers	<u>\$ 134,715.00</u>
TOTAL CASH RECEIPTS	<u>\$ 134,715.00</u>
EXPENDITURES	
Capital Outlay	<u>\$ 134,365.00</u>
TOTAL EXPENDITURES	<u>\$ 134,365.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 350.00</u>
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 350.00</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
ADA DJ # 204-29-144 FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Bond Proceeds	\$ 3,470,000.00
Interest	<u>724.30</u>
TOTAL CASH RECEIPTS	<u>\$ 3,470,724.30</u>
EXPENDITURES	
Capital Outlay	\$ 93,456.90
Professional Services	19,289.97
Transfers	<u>400,000.00</u>
TOTAL EXPENDITURES	<u>\$ 512,746.87</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 2,957,977.43
UNENCUMBERED CASH, BEGINNING	<u>(1,057,500.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,900,477.43</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
KHRC # ESG-FFY2011 FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 10,535.42
	<hr/>
TOTAL CASH RECEIPTS	\$ 10,535.42
	<hr/>
EXPENDITURES	
Sub Grant	\$ 9,739.95
	<hr/>
TOTAL EXPENDITURES	\$ 9,739.95
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 795.47
	<hr/>
UNENCUMBERED CASH, BEGINNING	-
	<hr/>
UNENCUMBERED CASH, ENDING	\$ 795.47
	<hr/>



## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES

Regulatory Basis

KLINK #U-2178-01 FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Grant	\$ 336,902.50
Transfers	<u>4,600.00</u>
TOTAL CASH RECEIPTS	<u>\$ 341,502.50</u>
EXPENDITURES	
Project Costs	\$ 4,600.00
Transfers	<u>231,379.16</u>
TOTAL EXPENDITURES	<u>\$ 235,979.16</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 105,523.34
UNENCUMBERED CASH, BEGINNING	<u>(105,523.34)</u>
UNENCUMBERED CASH, ENDING	<u>\$ -</u>

## THE CITY OF INDEPENDENCE, KANSAS

## SCHEDULE OF CASH RECEIPTS AND EXPENDITURES

Regulatory Basis

USD #446 SCHOOL INFRASTRUCTURE FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Interest	\$ -
Miscellaneous	<u>14,500.10</u>
TOTAL CASH RECEIPTS	<u>\$ 14,500.10</u>
EXPENDITURES	
Capital Outlay	\$ 29,000.20
Transfers	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 29,000.20</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (14,500.10)
UNENCUMBERED CASH, BEGINNING	<u>53,515.45</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 39,015.35</u></u>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
WEST MAIN - 10th to 18th FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 21,837.10
	<hr/>
TOTAL CASH RECEIPTS	\$ 21,837.10
	<hr/>
EXPENDITURES	
Capital Outlay	\$ -
Transfers	-
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 21,837.10
	<hr/>
UNENCUMBERED CASH, BEGINNING	(24,381.05)
	<hr/>
UNENCUMBERED CASH, ENDING	\$ (2,543.95)
	<hr/> <hr/>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
AIP #3-20-0036-17/19 FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Federal	\$ 967,501.44
Transfers	
	<hr/>
TOTAL CASH RECEIPTS	\$ 967,501.44
	<hr/>
EXPENDITURES	
Cancelled Purchase Order	\$ (2,427.90)
	<hr/>
TOTAL EXPENDITURES	\$ (2,427.90)
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 969,929.34
	<hr/>
UNENCUMBERED CASH, BEGINNING	(1,138,748.43)
	<hr/>
UNENCUMBERED CASH, ENDING	\$ (168,819.09)
	<hr/>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
NEW WATER TOWER FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Other	\$ 276,467.00
	<hr/>
TOTAL CASH RECEIPTS	\$ 276,467.00
	<hr/>
EXPENDITURES	
Capital Outlay	\$ 1,800.00
	<hr/>
TOTAL EXPENDITURES	\$ 1,800.00
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 274,667.00
	<hr/>
UNENCUMBERED CASH, BEGINNING	(274,667.00)
	<hr/>
UNENCUMBERED CASH, ENDING	\$ -
	<hr/>

THE CITY OF INDEPENDENCE, KANSAS  
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
 Regulatory Basis  
2010 MEMORIAL HALL IMPROVEMENT FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Transfers	\$ -
Other	-
	<hr/>
TOTAL CASH RECEIPTS	\$ -
	<hr/>
EXPENDITURES	
Capital Outlay	\$ -
	<hr/>
TOTAL EXPENDITURES	\$ -
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
	<hr/>
UNENCUMBERED CASH, BEGINNING	-
	<hr/>
UNENCUMBERED CASH, ENDING	\$ -
	<hr/> <hr/>

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
SOUTHEAST LIFT STATION FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Grant	<u>\$ 225,000.00</u>
TOTAL CASH RECEIPTS	<u>\$ 225,000.00</u>
EXPENDITURES	
Capital Outlay	<u>\$ 220,000.00</u>
TOTAL EXPENDITURES	<u>\$ 220,000.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 5,000.00</u>
UNENCUMBERED CASH, BEGINNING	<u>(225,000.00)</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ (220,000.00)</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
Regulatory Basis  
AIRPORT FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Fuel Sales	\$ 711,957.12	\$ 393,000.00	\$ 318,957.12
Rentals	89,954.26	88,918.00	1,036.26
Miscellaneous	1,590.52		1,590.52
Transfers	39,079.03		39,079.03
	<hr/>		<hr/>
TOTAL CASH RECEIPTS	\$ 842,580.93	\$ 481,918.00	\$ 360,662.93
	<hr/>		<hr/>
EXPENDITURES			
Personel	\$ 97,520.53	\$ 105,025.00	\$ 7,504.47
Contractural Services	89,035.11	85,700.00	(3,335.11)
Commodities	539,155.97	733,975.00	194,819.03
Capital Outlay	50,006.74	21,600.00	(28,406.74)
Transfers	134,715.00		(134,715.00)
	<hr/>		<hr/>
TOTAL EXPENDITURES	\$ 910,433.35	\$ 946,300.00	\$ 35,866.65
	<hr/>		<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (67,852.42)		
UNENCUMBERED CASH, BEGINNING	<hr/>		
	221,095.16		
	<hr/>		
UNENCUMBERED CASH, ENDING	\$ 153,242.74		
	<hr/>		



## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
 Regulatory Basis  
WATER & SEWER FUND

For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Sales & fees	\$ 3,218,147.97	\$ 3,050,200.00	\$ 167,947.97
Miscellaneous	33,610.81	2,500.00	31,110.81
Transfers	89,258.68		89,258.68
			-
TOTAL CASH RECEIPTS	<u>\$ 3,341,017.46</u>	<u>\$ 3,052,700.00</u>	<u>\$ 288,317.46</u>
EXPENDITURES			
Personnel	\$ 1,640,202.25	\$ 1,722,203.00	\$ 82,000.75
Commodities	904,038.22	979,357.00	75,318.78
Contractual Services	377,074.18	519,100.00	142,025.82
Capital Outlay	357,020.73	557,200.00	200,179.27
Transfers	173,400.00	246,440.00	73,040.00
			-
TOTAL EXPENDITURES	<u>\$ 3,451,735.38</u>	<u>\$ 4,024,300.00</u>	<u>\$ 572,564.62</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (110,717.92)		
UNENCUMBERED CASH, BEGINNING	<u>3,123,006.48</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 3,012,288.56</u>		

THE CITY OF INDEPENDENCE, KANSAS  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES  
Regulatory Basis  
WATER & SEWER GRINDER PUMP RESERVE FUND

For the Year Ended December 31, 2012

	<u>Actual</u>
CASH RECEIPTS	
Fees	\$ 8,442.58
Interest	<u>165.57</u>
TOTAL CASH RECEIPTS	<u>\$ 8,608.15</u>
EXPENDITURES	
Capital Outlay	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 8,608.15
UNENCUMBERED CASH, BEGINNING	<u>159,081.53</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 167,689.68</u></u>

## THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET  
 Regulatory Basis  
SANITATION FUND

For the Year Ended December 31, 2012

	CURRENT YEAR		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Fees	\$ 959,751.95	\$ 980,000.00	\$ (20,248.05)
Miscellaneous	1,495.80	-	1,495.80
TOTAL CASH RECEIPTS	<u>\$ 961,247.75</u>	<u>\$ 980,000.00</u>	<u>\$ (18,752.25)</u>
EXPENDITURES			
Personel	\$ 396,516.63	\$ 445,504.00	\$ 48,987.37
Dcontractural Services	329,750.56	428,460.00	98,709.44
Commodities	71,720.20	69,600.00	(2,120.20)
Capital Outlay	54,309.35	46,200.00	(8,109.35)
TOTAL EXPENDITURES	<u>\$ 852,296.74</u>	<u>\$ 989,764.00</u>	<u>\$ 137,467.26</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 108,951.01		
UNENCUMBERED CASH, BEGINNING	<u>71,015.59</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 179,966.60</u>		

THE CITY OF INDEPENDENCE, KANSAS  
 AGENCY FUNDS  
 SUMMARY OF CASH RECEIPTS AND EXPENDITURES  
 Regulatory Basis  
 For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Fire Insurance Proceeds Fund	\$ 34,595.00	\$ 24,125.00	\$ 47,400.00	\$ 11,320.00
Alcohol Assessment Fund	\$ 3,060.00	\$ 185.00	\$ -	\$ 3,245.00
 TOTAL AGENCY FUNDS	 \$ 37,655.00	 \$ 24,310.00	 \$ 47,400.00	 \$ 14,565.00

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

RELATED MUNICIPAL ENTITY

## PUBLIC LIBRARY

## Regulatory Basis

For the Year Ended December 31, 2012

	<u>PUBLIC LIBRARY - GENERAL FUND</u>		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Appropriation from the City	\$ 193,117.32	\$ 212,396.00	\$ (19,278.68)
Appropriation from USD 446	222,018.61	227,012.00	(4,993.39)
Donations	15,994.02	3,000.00	12,994.02
State & Regional Libraries	5,592.00	6,500.00	(908.00)
Other Grants	30,390.64	5,000.00	25,390.64
Interest Expense	582.94	1,500.00	(917.06)
Miscellaneous	9,101.91	12,000.00	(2,898.09)
TOTAL CASH RECEIPTS	<u>\$ 476,797.44</u>	<u>\$ 467,408.00</u>	<u>\$ (16,364.16)</u>
EXPENDITURES			
Personnel	\$ 287,850.22	\$ 295,000.00	\$ 7,149.78
Materials Expense	59,418.82	52,200.00	(7,218.82)
Operating Expense	119,206.37	152,494.00	33,287.63
Capital Outlay	6,029.82	1,500.00	(4,529.82)
Miscellaneous	-	-	-
TOTAL EXPENDITURES	<u>\$ 472,505.23</u>	<u>\$ 501,194.00</u>	<u>\$ 28,688.77</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 4,292.21		
UNENCUMBERED CASH, BEGINNING	<u>85,466.63</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 89,758.84</u>		

## THE CITY OF INDEPENDENCE, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES-ACTUAL AND BUDGET

RELATED MUNICIPAL ENTITY

## PUBLIC LIBRARY

## Regulatory Basis

For the Year Ended December 31, 2012

<u>PUBLIC LIBRARY - EMPLOYEE BENEFIT FUND</u>			
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS			
Appropriation from the City	\$ 66,673.69	\$ 68,620.00	\$ (1,946.31)
Other	14.96		14.96
TOTAL CASH RECEIPTS	<u>\$ 66,688.65</u>	<u>\$ 68,620.00</u>	<u>\$ (1,931.35)</u>
EXPENDITURES			
Health Insurance	\$ 29,183.40	\$ 27,181.00	\$ (2,002.40)
KPERS	18,116.20	22,650.00	4,533.80
Payroll taxes	21,917.17	22,500.00	582.83
Insurance	1,184.08	3,225.00	2,040.92
TOTAL EXPENDITURES	<u>\$ 70,400.85</u>	<u>\$ 75,556.00</u>	<u>\$ 5,155.15</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (3,712.20)		
UNENCUMBERED CASH, BEGINNING	<u>6,671.72</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 2,959.52</u>		

THE CITY OF INDEPENDENCE, KANSAS  
SUMMARY OF CASH RECEIPTS AND EXPENDITURES-ACTUAL

RELATED MUNICIPAL ENTITY  
INDEPENDENCE HOUSING AUTHORITY  
Regulatory Basis  
For the Year Ended December 31, 2012

	Housing/ Development Fund	Housing/ Replacement Fund	McKinley Deposit Fund	McKinley Operating Fund	Surplus Fund	Penn Terrace Fund	Chaney Fund	Earl St. Fund	Cedar Point Fund
UNENCUMBERED CASH, BEGINNING	\$ 530,196.66	\$ 133,533.00	\$ 10,575.53	\$ (8,902.81)	\$ 3,972,973.55	\$ 84,261.57	\$ -	\$ -	\$ (978.40)
REVENUES:									
Rent	\$ -	\$ -	\$ -	\$ 117,644.00	\$ -	\$ 351,405.00	\$ 19,583.00	\$ 8,392.00	\$ 45,915.00
Cable						16,662.00			
Home Sales									
Federal						342,779.00			
Grants	517,381.43								
Interest	907.95	242.00	30.14	49.67	4,233.00	280.40	22.26	4.55	33.85
Miscellaneous				2,706.25		21,764.13			186.00
Security Deposits			4,020.00						
HAP				15,087.00			4,108.00	1,188.00	12,545.00
Transfers	141,068.35	69,396.00							
TOTAL REVENUE	\$ 659,357.73	\$ 69,638.00	\$ 4,050.14	\$ 135,486.92	\$ 4,233.00	\$ 732,890.53	\$ 23,713.26	\$ 9,584.55	\$ 58,679.85
EXPENDITURES:									
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,773.20	\$ -	\$ -	\$ -
Contractual Services	4,160.00			85,941.65	20,000.00	43,093.14	12,427.99	3,897.50	25,231.15
Commodities	7,449.25			39,665.25		211,605.07	8,109.07	6,297.72	30,418.16
Capital Outlay	133,120.90	2,973.00	3,925.05						
Transfers						210,464.35			
TOTAL EXPENDITURES	\$ 144,730.15	\$ 2,973.00	\$ 3,925.05	\$ 125,606.90	\$ 20,000.00	\$ 739,935.76	\$ 20,537.06	\$ 10,195.22	\$ 55,649.31
UNENCUMBERED CASH, ENDING	\$ 1,044,824.24	\$ 200,198.00	\$ 10,700.62	\$ 977.21	\$ 3,957,206.55	\$ 77,216.34	\$ 3,176.20	\$ (610.67)	\$ 2,052.14

	South Eight St. Fund	TBRA Fund	Deposit Fund	Management Fund	Earl St. Replacement Fund	Chaney Replacement Fund	Cedar Point Replacement Fund	Laundry Fund	TOTAL
UNENCUMBERED CASH, BEGINNING	\$ 27,012.68	\$ 16,824.31	\$ 115,964.43	\$ 269,842.01	\$ 11,139.25	\$ 36,406.68	\$ 28,170.81	\$ 36,736.28	\$ 5,263,755.55
REVENUES:									
Rent	\$ 7,530.00	\$ -	\$ -	\$ -	\$ -				\$ 550,469.00
Cable									16,662.00
Home Sales									
Federal		144,765.00		65,561.28					553,105.28
Grants									517,381.43
Interest	74.56	28.53	209.45	398.62	28.96	96.55	73.27	114.88	6,828.64
Miscellaneous	100.00	1,168.00	222.87	253.67		23,750.18			50,151.10
Security Deposits			11,414.75						15,434.75
HAP									32,928.00
Transfers									210,464.35
TOTAL REVENUE	\$ 7,704.56	\$ 145,961.53	\$ 11,847.07	\$ 66,213.57	\$ 28.96	\$ 23,846.73	\$ 73.27	\$ 114.88	\$ 1,953,424.55
EXPENDITURES:									
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,773.20
Contractual Services	5,251.25								200,002.68
Commodities	3,180.44			410.10					307,135.06
Capital Outlay		146,475.00	5,731.58						292,225.53
Transfers									210,464.35
TOTAL EXPENDITURES	\$ 8,431.69	\$ 146,475.00	\$ 5,731.58	\$ 410.10	\$ -	\$ -	\$ -	\$ -	\$ 1,284,600.82
UNENCUMBERED CASH, ENDING	\$ 26,285.55	\$ 16,310.84	\$ 122,079.92	\$ 335,645.48	\$ 11,168.21	\$ 60,253.41	\$ 28,244.08	\$ 36,851.16	\$ 5,932,579.28

## CITY OF INDEPENDENCE, KANSAS

## SCHEDULE 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2012

<u>Agency:</u>	<u>CFDA #</u>	<u>Expenditures (Notes to the SEFA -1)</u>
<b>U.S. Department of Housing &amp; Urban Development (HUD)</b>		
Passed through Kansas Housing Resource Corporation:		
Section 8 Housing Assistance Payments	14.195	\$ 342,779
Home Investments Partnerships - TBRA	14.239	144,765
Home Investments Partnerships - TBRA Administration	14.239	7,238
Emergency Shelter Grants Program	14.231	16,058
Passed through the Kansas Department of Commerce & Housing		
Community Development Block Grant - CDBG #12-PF-038 (Notes to the SEFA - 2)	14.255	36,305
TOTAL U.S. DEPARTMENT OF HUD		<u>\$ 547,145</u>
<b>U.S. Department of Transportation, Federal Aviation Administration</b>		
Direct Award		
Airport Improvement Fund - AIP #3-20-0036-19 (Notes to the SEFA - 2)	20.106	920,920
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>\$ 920,920</u>
<b>U.S. Department of Homeland Security, Federal Emergency Management Agency</b>		
Passed through Kansas Adjutant General Office of Emergency Preparedness		
Hazard Mitigation Grant Program	97.036	\$ 8,397
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		<u>\$ 8,397</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u><u>\$ 1,476,462</u></u>

THE NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS ARE AN INTEGRAL PART OF THIS SCHEDULE.



# CITY OF INDEPENDENCE, KANSAS

## Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2012

### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas (regulatory basis) with one exception as noted in Note 2 below. Cash receipts are recognized when the cash balance of a fund is increased. Cash disbursements are recognized when the cash balance of a fund is decreased. Expenditures include disbursements, accounts payable and encumbrances.

### **Note 2. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements**

#### a. Airport Improvement Grant:

The expenditures for the Airport Improvement Grant AIP 3-20-0036-19 from the United States Department of Transportation Federal Aviation Administration differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. Prior grants 3-20-0036-17 and 3-20-0036-18 were for the purpose of design and administration for capital improvements for the Independence Municipal Airport. Grant 3-20-0036-19 is for the construction phase of the project. The grant agreement and construction contract were approved and signed during 2011; therefore, the City had properly recorded an encumbrance for the aforementioned contract in 2011. However, the only actual activity occurring during 2011 for this phase of the project was an immaterial amount of engineering and inspection costs. These expenditures were reflected in the 2011 SEFA. Review of documentation for grant activity to date indicates that the majority of the construction work for this project was complete at the end of 2012. To maintain consistency of audited expenditures to grant activity, expenditures included on the SEFA for 2012 are equal to 2012 Airport Improvement Grant Federal revenue less the credit memo issued for return of federal funds received in 2012 to the Federal Aviation Administration. Reconciliation of the SEFA to Fund AIP 3-20-0036-17/18/19 in Statement 1 is as follows:

Total Airport Improvement	
Audited Grant Expenditures	\$ 977,128.44
Comprised of:	
2011 SEFA	56,208.00
2012 SEFA	<u>920,920.44</u>
Less: Amount Expensed in 2011	(1,228,661.22)
Prior Year Cancelled Encumbrances	3,221.77
Expenditures to be audited	
in Future Period(s)	<u>248,311.01</u>
Total Statement 1 Expenditures	<u>\$ 0.00</u>

## CITY OF INDEPENDENCE, KANSAS

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2012

#### b. Community Development Block Grant

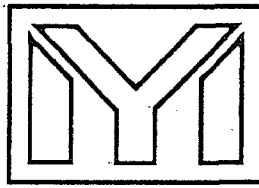
The expenditures for the Community Development Block Grant (CDBG) from the United States Department of Housing and Urban Development differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. This grant is for the purpose of complying with ADA regulations and was approved for \$400,000 with a \$400,000 city match. The grant agreement and construction contract were approved and signed during 2012; therefore, the City properly recorded an encumbrance for the aforementioned contract in 2012. However, the only actual activity occurring during 2012 for this phase of the project was an immaterial amount of engineering and inspection costs. These expenditures are reflected in the 2012 SEFA. Accordingly, management has determined that the remaining expenditures for this grant will be presented, in a subsequent, applicable, SEFA. Reconciliation of Fund CDBG #12-PF-038 in Statement 1 to the CDBG program on the SEFA is as follows:

#### Statement 1

Total Expenditures	\$ 698,587.77
Comprised of:	
City Match Funds	400,000.00
CDBG Expenditures	<u>298,587.77</u>
Total Statement 1	<u>\$ 698,587.77</u>

#### Schedule of Expenditures of Federal Awards (SEFA)

Total Community Development Block Grant Expenditures	\$ 36,305.00
Expenditures to be audited in Future Period(s)	<u>262,282.77</u>
CDBG Expenditures	\$ 298,587.77
Non-Federal City Match	400,000.00
Total Statement 1	<u>\$ 698,587.77</u>



# YERKES & MICHELS, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS

John D. Carroll, CPA  
Carmen R. Duroni, CPA

Randy Hoffman

American Institute of Certified Public Accountants  
Kansas Society of Certified Public Accountants  
An Independent C.P.A. Firm

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

### Independent Auditors' Report

Mayor and City Commission  
City of Independence, Kansas  
120 N. 6<sup>th</sup> Street  
Independence, KS 67301

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the regulatory basis financial statement of the City of Independence, Kansas, as of and for the year ended December 31, 2012, and the related notes to the financial statement, which collectively comprise the City of Independence, Kansas's basic financial statement, and have issued our report thereon dated June 28, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control (Finding 2012-01).

### **Compliance and Other Matters**

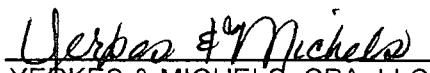
As part of obtaining reasonable assurance about whether the City's statutory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Independence, Kansas's Response to Findings**

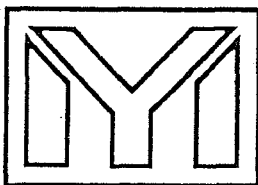
The City of Independence, Kansas's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Independence, Kansas's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
YERKES & MICHELS, CPA, LLC  
Independence, KS

June 28, 2013



# YERKES & MICHELS, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS

John D. Carroll, CPA  
Carmen R. Duroni, CPA

Randy Hoffman

American Institute of Certified Public Accountants  
Kansas Society of Certified Public Accountants  
An Independent C.P.A. Firm

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

## Independence Auditors' Report

Mayor and City Commission  
City of Independence, Kansas  
Independence, KS 67301

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Independence, Kansas's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Kansas Municipal Audit and Accounting Guide*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

P.O. Box 707 208 E. Laurel  
Independence, KS 67301

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### ***Opinion on Each Major Federal Program***

In our opinion, the City of Independence, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

### ***Report on Internal Control Over Compliance***


Management of the City of Independence, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2012-1, that we consider to be significant deficiencies.

The City of Independence, KS's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
YERKES & MICHELS, CPA, LLC  
Independence, KS

June 28, 2013

## CITY OF INDEPENDENCE, KANSAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2012

#### **Section I - Summary of Auditor's Results**

1. The auditor's report expresses an unqualified opinion on the regulatory basis financial statements of the City of Independence, KS.
2. A significant deficiency, but no material weaknesses relating to the audit of the regulatory basis financial statements are reported in the Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the regulatory basis financial statements of the City of Independence, KS were disclosed during the audit.
4. A significant deficiency, but no material weaknesses, relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program includes: Airport Improvement Grant, CFDA #20.106.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Independence, KS does qualify as a low-risk auditee.

#### **Section II – Financial Statement Findings**

##### INTERNAL CONTROL

Finding 2012-01:

Statement of Condition: The City of Independence, KS currently lacks a system of internal control for the assurance of completeness and accuracy for the Schedule of Expenditures of Federal Awards. See Section III – Federal Awards Findings and Questioned Costs for complete report for Finding 2011-01.

#### **Section III – Federal Award Findings and Questioned Costs**

Finding 2012-01:

Statement of Condition: The City of Independence, KS currently lacks a system of internal control for the assurance of completeness and accuracy for the Schedule of Expenditures of Federal Awards.



## CITY OF INDEPENDENCE, KANSAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2012

#### Finding 2012-01 (cont'd):

Criteria: OMB Circular A-133 requires recipients of federal awards to maintain internal control over compliance for federal award programs that provides reasonable assurance that they are managing federal awards in compliance with the provisions of laws, regulations, contracts and grants that could have a material effect on each of its federal award programs. As the Schedule of Expenditures of Federal Awards provides the basis for auditor's determination of major programs, auditees should have a system of controls in place to ensure accuracy and completeness of the schedule. Circular A-133 state that the auditee should identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received. Federal program and award identification includes, as applicable, the CFDA title and number, the award number and year, the name of the federal granting agency, and the name of the pass-through entity. Using this information, the auditee should be able to reconcile amounts presented in the financial statements to related amounts in the Schedule of Expenditures of Federal Awards.

Questioned Costs: None

Context: The Schedule of Expenditures of Federal Awards prepared by the City was not prepared prior to the start of auditor's field work. Observation and inquiry demonstrated the City's inaccuracy in recognizing and reporting all Federal award expenditures as documented through auditor's reconciliation of Federal revenue recorded to Federal revenue confirmed. Auditee's Schedule of Expenditures of Federal Awards also lacked proper representation of CFDA title and numbers and pass-through entities. There was no documented reconciliation of the amounts reported in the schedule to the financial statements or of review by management.

Effect of Condition: The Schedule of Expenditures of Federal Awards serves as the primary basis for the auditor's major program determination. Misstatements in the schedule could result in the omission of potential major programs from required compliance audit procedures. Failure to audit a program as major, when required, is cause for the future reissuance of the compliance audit report.

Cause of Condition: The City has not designed an adequate system of control regarding the preparation of the required Schedule of Expenditures of Federal Awards.

#### Finding 2012-01 (cont'd):

## CITY OF INDEPENDENCE, KANSAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2012

Recommendations: Controls should be in place to ensure accuracy and completeness of the Schedule of Expenditures of Federal Awards. Management should be aware of all Federal awards received and expended, their source, and their compliance requirements. During the preparation of the schedule, the City should verify with granting agencies all CFDA titles and numbers, and the appropriate pass-through entity to be reported. After the schedule is completed, a reconciliation of the financial statements to the schedule should be performed, and management should review the schedule to verify all known Federal Programs are reported and that expenditures are properly captured on the statutory basis of accounting. The reconciliation and management's review should be documented.

View of responsible officials and planned corrective actions: Management concurs with the finding. The City will incorporate the use of the Government Audit Quality Center's "Schedule of Expenditures of Federal Awards: Illustrative Auditee Practice Aids" to assist employees and management in the accurate and complete preparation of the schedule. See Corrective Action Plan page 88.

CITY OF INDEPENDENCE, KANSAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2012

Finding 2011-01:

Condition: Proper internal controls over financial reporting and over compliance with regard to the Schedule of Expenditures of Federal Awards have not been implemented.

Status: The corrective action plan for this finding was not implemented and the finding will be repeated for the December 31, 2012 audit period.

Finding 2011-02:

Condition: Lack of segregation of duties over cash management at the Public Library.

Status: Controls have been implemented to segregate duties and mitigate risk. Finding is considered resolved.

CITY OF INDEPENDENCE, KANSAS  
City Hall – 120 North 6<sup>th</sup> Street  
Independence, Kansas 67301  
620-332-2505

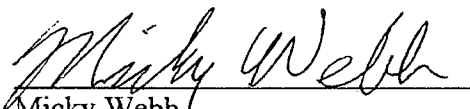
CORRECTIVE ACTION PLAN

Re: Finding 2012-1

Controls will be instituted to ensure accuracy and completeness of the Schedule of Expenditures of Federal Awards. Management will take care to be aware of all Federal awards received and expended, their source, and their compliance requirements. During the preparation of the schedule, management will verify with granting agencies all CFDA titles and numbers, and the appropriated pass-through entity to be reported.

After the schedule is completed, a reconciliation of the financial statements to the Schedule will be performed, and management will review the schedule to verify all known Federal Programs are reported and that expenditures are properly captured on the statutory basis of accounting. The reconciliation and management's review will be documented.

The City will incorporate the use of the Government Audit Quality Center's "Schedule of Expenditures of Federal Awards: Illustrative Auditee Practice Aids" to assist employees and management in the accurate and complete preparation of the schedule.

  
Micky Webb  
City Manager

6-28-13  
\_\_\_\_\_  
Date

